



ONLINE ACCESS FOR TAXPAYERS AND TAX PROFESSIONALS

Inadequate Digital Services Impede Efficient Case Resolution and Force Millions of Taxpayers to Call or Send Correspondence to the IRS

WHY THIS IS A SERIOUS PROBLEM FOR TAXPAYERS

Providing tax information and services accessible through a robust online account and seamlessly integrated digital communication tools are essential for taxpayers, their representatives, and IRS employees. Taxpayers or their representatives who cannot find an answer or resolve their issue using digital self-help tools are facing long delays when phoning the IRS, visiting a Taxpayer Assistance Center (TAC), or sending a letter. During the last three years, IRS customer service representatives (CSRs) answered an all-time low of 11 percent of calls to IRS toll-free telephone lines.¹ As the IRS struggles to resolve its processing backlog, some taxpayers' refunds from the 2021 filing season have been delayed more than ten months, leaving taxpayers confused and frustrated.² Despite the IRS's efforts to resolve the paper correspondence processing backlog since the start of the pandemic, 52 percent of correspondence remains unworked in IRS inventory beyond standard processing timeframes.³ Taxpayers or their representatives wanting to interact online need and deserve quality service options and quick responses from the IRS. Today, most taxpayers and tax professionals can't depend on receiving either, causing dissatisfaction that can lead to distrust in tax administration.

EXPLANATION OF THE PROBLEM

Annual Organisation for Economic Co-operation and Development (OECD) surveys reveal a fast-growing trend of tax administrations worldwide incorporating digital tools such as virtual assistants, video communication, and electronic document submission.⁴ The survey showed significant increases in online account use, email, and digital assistance and decreases in phone, in-person, and mail transactions.⁵ Over 40 percent of administrations reported shifts of 75 percent or more from paper to digital communications.⁶ The 2022 OECD survey identified three emerging trends: greater understanding of taxpayer preferences, more

self-service options, and a joined-up approach for tax administration services and across the government.⁷ Those three goals echo the guidance the U.S. government gives to federal agencies like the IRS on managing the customer experience and improving service delivery to strengthen public trust in federal agencies.⁸ Public trust in the IRS is at the core of our nation's system of self-assessment and voluntary tax compliance. When taxpayers can quickly communicate with the IRS to resolve issues and receive answers to their questions simply and securely, it has a positive effect on the taxpayer experience, which in turn raises taxpayers' overall satisfaction and trust in the IRS.⁹

The IRS, along with tax agencies around the world, accelerated implementation of digital communications, services, and products because of the challenges brought on with the COVID-19 global pandemic. To its credit, the IRS rapidly implemented several new applications to meet the demands of the COVID-19 relief legislation, such as applications to manage the disbursement of Economic Impact Payments and advance payments of the Child Tax Credit to eligible taxpayers. During the rapid implementation, the IRS developed standalone self-assistance web applications that allowed taxpayers to perform a single task, such as resolving their inquiries via an automated voicebot or chatbot, sending and receiving secure digital messages, uploading documents, and viewing basic account information. However, the IRS did not integrate all its new tools into a central hub with one-click access along with other existing digital tools such as Where's My Refund?, Where's My Amended Return?, and Online Account that can be accessed from the [IRS.gov](https://www.irs.gov) home page. While each application and tool has standalone value and facilitates a particular kind of interaction, the IRS has not leveraged their utility by making them all accessible from a central hub that provides a seamless taxpayer experience.

Depending on several factors, including the sensitive or private nature of the information that can be accessed, applications require different levels of identity authentication, pursuant to National Institute of Standards and Technology (NIST) guidelines.¹⁰ IRS Online Account requires higher levels of authentication than digital tools such as Where's My Refund? and Where's My Amended Return?, which is necessary to protect taxpayer data but results in fewer taxpayers with access to their Online Account. Twenty-one percent of would-be IRS online services users could not complete identity proofing and were denied access.¹¹ Some taxpayers were able to complete the identity proofing process using the online self-service process or video chat verification. Taxpayers who are unable (or unwilling) to verify their identity online need an in-person option to verify their identity and obtain credentials for future online access to Online Account and other applications requiring authentication.

Suppose a taxpayer has completed the identity proofing process by providing acceptable documentation that assures he or she is whom he or she claims to be and accessed his or her own Online Account.¹² If that taxpayer wanted to find out the status of his or her refund from his or her most recent return, the status of an amended return he or she filed for the prior year, and change his or her email address in Online Account, the taxpayer would have to find and access three different log-in processes: one for Online Account, a second for Where's My Refund?, and again for Where's My Amended Return?.

In 2021, the IRS launched the Tax Pro Account.¹³ Although, the title – Tax Pro Account – is a bit of a misnomer. Tax Pro Account only provides basic functions for a tax professional to digitally sign and transmit a Power of Attorney or Tax Information Authorization through the client's Online Account. Depending on the type of the authorization, the tax professional may view the client's tax information, and in some cases, take certain actions on his or her behalf. Within Tax Pro Account, the tax professional can view and retrieve the completed authorizations and access transcripts of clients' tax accounts, if authorized, through the Transcript Delivery System (TDS). However, Tax Pro Account does not offer secure messaging, document upload, or chatbots. These limited capabilities do not provide tax professionals the tools needed to help their clients effectively. Authorized representatives are a key component of successful tax administration; they assist with efficient resolution of issues. The IRS should upgrade Tax Pro Account to allow authorized

representatives to access all information in their client's Online Account.¹⁴ The IRS has a thorough process in place to ensure only authorized representatives have access to client information.¹⁵ Once a representative has been duly authorized, the representative should be able to:

- View all clients' Online Accounts through their Tax Pro Account portal;
- View all changes and new information posted in the taxpayer's account;
- View all notices and letters mailed to the taxpayer;
- View the status of pending refunds and requests;
- View information on digital payment options;
- Upload requested documents relating to notices or correspondence on a tax issue; and
- Send messages to an IRS employee working his or her client's case.

Integrating other tools into Online Account and Tax Pro Account to become a one-stop solution for online and digital offerings that combine communications and interactions with individual and business taxpayers as well as with tax professionals who represent these taxpayers may sound like a common sense solution. However, one of the underlying challenges to integrating technology servicewide is the IRS's siloed approach for managing digital tools among its various operating divisions. The IRS's Office of Online Services works with the operating divisions to maintain consistency and adherence to standards for digital products; however, operating divisions within the IRS provide guidance to division employees about how digital tools may be used to communicate with taxpayers.

An individual taxpayer may want to perform multiple tasks on a single visit to IRS.gov, such as uploading a document to prove eligibility for a credit claimed on last year's return and then seeking information on claiming dependents for next year's return using the Interactive Tax Assistant. The IRS does not provide a simple way to navigate between those tasks. From the IRS's perspective, it makes sense to group taxpayers by the type of taxes they pay and returns they file, but from the taxpayer's perspective, it's all one IRS, and all IRS tools should be accessible from a central hub, regardless of the entry point for the taxpayer on IRS.gov. As the IRS continues to improve Online Account functionality and enhance digital communication tools, it must do so using a taxpayer-centric approach.

The Inflation Reduction Act provided much-needed funding to the IRS, including \$4.75 billion, or six percent, of its total funding, to "business systems modernization."¹⁶ TAS and the newly created Taxpayer Experience Office are well-suited to the task of ensuring that modernization is taxpayer-centric, with its mission to ensure enterprise-wide focus on improving taxpayer experience.

ANALYSIS

Increased digital functionality will improve the taxpayer experience and support the IRS's mission of providing America's taxpayers top-quality service. These options play a role greater than mere efficiency and convenience. When taxpayers lack digital service options, the option to communicate with the IRS online, or the ability to provide digital signatures or documents, they are relegated to methods such as paper, mail, or calling crowded customer service lines. In 2022, taxpayers experienced long wait times, with average wait times of 25 minutes outside of filing season, over 27 minutes during filing season, and CSRs only answering about 11 percent of the calls, frustrating taxpayers and tax professionals.¹⁷

In September 2021, the Taxpayer Experience Office released a Taxpayer Experience Strategy Roadmap, a high-level plan that outlined its priorities for the next four years.¹⁸ Improved online service offerings fall within two of the six focus areas articulated in the roadmap: Expanded Digital Services and Seamless Taxpayer Experience.¹⁹ As the IRS implements its multiyear strategy outlined in the Taxpayer Experience Strategy Roadmap and plans how to use Inflation Reduction Act funding to modernize tax return processing and tax administration, it must prioritize upgrades from the perspective of the taxpayer as a customer. When

government interactions are unnecessarily protracted, it costs Americans time and represents a “time tax” as referenced by President Biden’s Executive Order to transform the federal customer experience.²⁰

Taxpayer-Centric Approach

Congress, the Office of Management and Budget, and the White House have unequivocally instructed the IRS to improve the customer experience.²¹ An example of the IRS falling short of a taxpayer-centric approach has been the implementation of the Taxpayer Digital Communication (TDC) program. The IRS intends TDC to enable taxpayers and their representatives to communicate and securely share files and documents with the IRS. A Treasury Inspector General for Tax Administration (TIGTA) report noted that “the IRS’s management of the TDC program was more focused on completing the installations than maximizing the IRS’s ability to communicate digitally with taxpayers.”²² When launching TDC, the IRS did not proactively identify functions or operations for which digital communication may have provided sizable benefits for both taxpayers and IRS employees.²³ Instead, the IRS allowed any IRS program, function, or business unit wishing to explore a digital communication installation to express interest.²⁴ As the IRS makes further technological upgrades, it must prioritize the experience of individual and business taxpayers as customers and provide an intuitive central hub with one-click access to all authenticated and unauthenticated self-assistance applications.

TAS held focus groups in 2022 to gather ideas from tax professionals about taxpayers’ needs and preferences for online services. Participants expressed feeling frustrated, exasperated, disappointed, and angry with their inability to effectively communicate with the IRS.²⁵ Common themes from participants revealed through the focus groups included difficulty transmitting information to the IRS and uncertainty about whether the IRS received and processed correspondence from the taxpayer.²⁶ Another theme was that many taxpayers have legitimate fears of the IRS that make them reluctant to interact with it.²⁷ Participants gave examples of how clients experienced panic upon receiving any IRS correspondence.²⁸ Some taxpayers simply do not want to talk to the IRS unless they absolutely must. Even if a portion of taxpayers prefer traditional methods of phone and mail for communicating, the IRS should strive to provide an Online Account capable of completing all taxpayer interactions in an easy, user-friendly, and intuitive way. Taxpayers who prefer to self-help and not to speak with an IRS employee should be able to find out general information on a tax topic, see how it impacts their personal situation, and obtain assistance, if needed, to complete required interactions online.

Online Account

We commend the IRS for launching Online Account for individual taxpayers in 2016 and for the continued upgrades to add functions and capabilities within Online Account, but there is still a long way to go before achieving robust functionality. Prior to FY 2022, Online Account allowed users to view their account balance, request copies of transcripts, and view payment options. The IRS has added capabilities that allow taxpayers to view notices within Online Account; however, taxpayers can currently view only 17 notices (including two Spanish notices), and there are plans to only add three more during FY 2023.²⁹ The IRS updates Online Account approximately every nine weeks but does not provide all users with notification of upgrades.³⁰ It should inform users of any upgrades since their most recent login.

As shown in Figure 2.5.1, the IRS has seen a 63 percent increase in unique visitors to Online Account in FY 2022 compared to FY 2021. After logging in, users can view basic account information displayed on the main page within Online Account. The most used function within Online Account is viewing an account transcript, which occurred in over 19 percent of logged-in sessions. Users made payments in 5.2 percent of sessions and set up a payment plan in 0.7 percent of sessions. However, users did not complete any actions beyond viewing basic account information in about 74 percent of sessions.

FIGURE 2.5.1³¹

Online Account FY 2022 Statistics

Activity	Increase over FY 21
119.5M sessions of users accessed View Your Account Information Page	▲ 15%
79.1M authenticated user sessions	▲ 57%
19.9M unique users have accessed their online account	▲ 63%
<i>Nov. 14, 2021 - Sept. 30, 2022 compared to Oct. 1, 2020 - Sept. 30, 2021</i>	
Actions taken after viewing balance information	Increase over FY 21
6.3M payments worth \$42.8B made directly within Online Account	▲ 214%
• 712K payments that resulted from being directed out from Online Account to Direct Pay	<i>when transactions were only available through Direct Pay</i>
848K payment plans established or revisions made via Online Account	▲ 42%
• 129K established within Online Account	
• 718K that were directed out of Online Account to complete transaction in Online Payment Agreement	
98K notices generated digital-only and avoided printing because of going paperless through Online Account Profile preferences	
• 23.6M sessions navigated to Get Transcript	▲ 55%
• 17M sessions with a download	▲ 56%

As shown in Figure 2.5.2, there are 17 active IRS self-assistance applications, and only four are available within Online Account.³² During FY 2022, the IRS added an option to make a payment and view additional notices within Online Account.³³ While those capabilities are certainly useful to taxpayers who need them, a customer-focused analysis of the needs of the average taxpayer would also prioritize answering questions, challenging a tax bill, and obtaining a refund status.³⁴

FIGURE 2.5.2, IRS Online Self-Assistance Applications³⁵

Application Name	Available Tool(s)	Information From Application Reflected in Online Account	Type of User	Number of Transactions or Sessions, FY 2021	Number of Transactions or Sessions, FY 2022
Online Account	View key information such as balance due and payment history, make a payment online, request a plan via Online Payment Agreement or access tax records via Get Transcript	N/A	Individual	50,494,907	79,052,719
Get Transcripts Online	Retrieve a variety of transcripts online to view, print, or download	Yes	Individual	75,800,782	89,123,005
Get Transcripts by Mail	Receive a return or account transcript through mail	Yes	Individual and Business	2,335,174	923,528
Where's My Refund?	Learn status of refund	No	Individual	632,361,686	447,729,355

Most Serious Problem #5: Online Access for Taxpayers and Tax Professionals

Application Name	Available Tool(s)	Information From Application Reflected in Online Account	Type of User	Number of Transactions or Sessions, FY 2021	Number of Transactions or Sessions, FY 2022
Where's My Amended Return?	Verify receipt and processing status for amended return (Form 1040X)	No	Individual	13,636,740	18,146,178
Direct Pay	Pay directly from bank account	Yes	Individual	16,517,988	13,678,621
Online Payment Agreements	Request a payment agreement for certain taxpayers	Yes	Individual	1,483,003	1,582,486
ID Verify	Verify identity so the IRS can process a federal income tax return filed with the taxpayer's name and taxpayer identification number	No	Individual	588,026	885,957
IP PIN	Validate identity and retrieve an Identity Protection PIN online	No	Individual	617,865	1,333,572
Modernized Internet Employer Identification Number	Apply for and receive an employer identification number over the web	No	Individual and Business	7,149,000	7,000,247
Transcript Delivery Service - Reporting Agents	Retrieve a variety of account transcripts through mail, fax, or online	No	Individual and Business	401,377	683,699
Transcript Delivery Service - States	Retrieve a variety of account transcripts through mail, fax, or online	No	Individual and Business	336,042	309,581
Transcript Delivery Service - Third Parties	Retrieve a variety of account transcripts through mail, fax, or online	No	Individual and Business	240,613,460	588,169,518
Income Verification Express Service	Retrieve transcripts from an online secure mailbox to verify income of a borrower	No	Individual and Business	15,370,941	8,279,561
Free Application for Federal Student Aid (FAFSA) on the Web	Access tax return information and transfer it directly to the FAFSA form	No	Individual	15,310,299	13,936,090
Tax Withholding Estimator	Estimate income tax for current tax year and compare that estimate with current withholding	No	Individual	4,771,417	3,893,705
Interactive Tax Assistant	Receive answers to basic tax law questions	No	Individual and Business	2,238,380	1,407,997

One of our 2020 recommendations the IRS declined to adopt was to make all self-assistance applications available through Online Account.³⁶ Our recommendation was not to make self-assistance applications available exclusively within Online Account but rather accessible from Online Account. The IRS responded that adopting our recommendation would add to taxpayer burden because Online Account requires a more thorough authentication process than some of the more basic self-assistance applications (*e.g.*, Where's My Refund?, Where's My Amended Return?, Tax Withholding Calculator). Once a user authenticates and logs into a secure application such as Online Account or Tax Pro Account, the user should have one-click access

to applications and tools that both do and do not require authentication. That is the kind of taxpayer-centric approach the IRS needs to embrace to improve the taxpayer experience and reduce taxpayer burden.

Business Online Account

The IRS strategic plan includes the development of a Business Online Account (BOLA). Unfortunately, due to complexity, budget, and resources constraints, the IRS has not implemented the first iteration. In our 2021 Annual Report to Congress, we recommended that the IRS prioritize and expedite efforts to deliver BOLA to business taxpayers by the end of fiscal year (FY) 2023.³⁷ The IRS agreed to the recommendation, dependent on adequate funding, with features that would allow business taxpayers to make, schedule, cancel, and view tax payments online.³⁸ The IRS expects to launch an early version in FY 2023; however, it will only have basic functionality that will allow business taxpayers to view and manage tax record authorizations related to the Income Verification Express Service (IVES).³⁹ Once the IRS receives funding provided through the Inflation Reduction Act,⁴⁰ it must accelerate deployment of additional features, such as reminders for upcoming tax return or information return filing due dates, payment options, and document upload capability. Unless BOLA provides a suite of useful tools, the IRS should not expect large numbers of business taxpayers to sign up and use it. We recommend the IRS develop a robust Online Account for business taxpayers by FY 2024, including features such as providing due dates for upcoming tax return or information return filings, sending reminders, and listing payment due dates and payment options.

Promoting Awareness of Online Account

The IRS must improve awareness of Online Account, Tax Pro, BOLA (when launched), and the suite of standalone digital services among taxpayer-facing employees and must try to educate those employees about how to make the most of the digital services available. The IRS offers information to employees monthly during “Digital Day” information sharing events. However, attendance at the events is optional, and only approximately 2,000 of the IRS’s approximately 86,000 employees attend Digital Day events annually.⁴¹ If IRS employees are not familiar with Online Account capabilities, their ability to assist taxpayers and educate them about Online Account will be severely limited. We recommend providing mandatory training on Online Account to all taxpayer-facing employees.

The IRS faces parallel challenges of adding functionality to Online Account and attracting new users. Among the over 20 million unique users who have accessed Online Account, the median age is 39, and the median adjusted gross income is \$62,000.⁴² The ability to attract new users may be hindered by the limited number of applications available within Online Account. However, it’s unclear because although the IRS gathers some detailed data about the quality of taxpayers’ experiences when using Online Account and whether their needs were met, other variables may contribute to the challenge of attracting new users.

As the IRS continues to improve the functionality of Online Account, it must also raise awareness of Online Account. Currently, the IRS’s primary ways of promoting Online Account are through a link on the [IRS.gov](https://www.irs.gov) homepage and a short video about setting up an Online Account on the IRS YouTube channel. It has undertaken some additional practices to inform taxpayers about Online Account. For example, when the IRS mails paper copies of digitally available notices to taxpayers that they can view in Online Account, it includes an additional paper notice in the envelope that informs taxpayers about Online Account.⁴³ All taxpayer communications present opportunities to inform taxpayers about Online Account. For example, if a taxpayer receives a notice with an invitation to use the unauthenticated Documentation Upload Tool (DUT), the IRS should offer the taxpayer an opportunity to register for an Online Account after he or she finishes using DUT. If the taxpayer is invited to use the TDC portal, the IRS should leverage most taxpayer interactions to raise awareness of Online Account. A taxpayer that creates an account to access Secure Messaging in the TDC portal can use the same credentials to access their IRS Online Account.

The IRS should also collaborate with stakeholders who provide tax return preparation software to educate taxpayers about Online Account when they file their tax returns. If the tax return preparation industry included information about Online Account in tax return software, it could reach a broader range of taxpayers and encourage them to use Online Account as their first stop for tax information.

Identity Authentication Procedures

Through the implementation of the Secure Access Digital Identity initiative, the IRS has increased taxpayers' ability to access online services. During FY 2022, only about 20 million unique users accessed Online Account.⁴⁴

**ONLY ABOUT 20 MILLION UNIQUE USERS
accessed Online Account during FY 2022.**

Over 98 percent of users who successfully completed the identity proofing process and received credentials subsequently used those credentials to log in to an online IRS tool requiring authentication.⁴⁵ Twenty-one percent of would-be users either abandoned the process, or could not complete identity proofing and were denied access.⁴⁶ Some taxpayers were able to complete the identity proofing process using the online self-service process or video chat verification. The IRS outsources identity proofing and credential management services to a Credential Service Provider (CSP), and the CSP is also responsible for assisting taxpayers who have difficulty completing the process.⁴⁷ Individuals who provide identity proofing assistance are known as "trusted referees." Because the CSP is completing those processes, the IRS is unable to obtain detailed data on the customer experience when undergoing identity proofing.

Identity Proofing Taxpayers With Individual Taxpayer Identification Numbers

The IRS must continue to expand access to online services to taxpayers who face additional obstacles. While some users fail the identity proofing process because they are not who they claim to be, legitimate taxpayers can fail the identity proofing process because of barriers to providing acceptable identity documentation. They may fail identity proofing because they have difficulty using technology to complete the process, *e.g.*, if the digital image of their documents is of insufficient quality.

Following a recommendation in our 2021 Annual Report to Congress,⁴⁸ the IRS has implemented a solution for some taxpayers with an Individual Taxpayer Identification Number (ITIN) to complete identity proofing with the CSP by uploading their IRS CP565 notice containing their ITIN and providing the required identity proofing documents (*e.g.*, non-U.S. passport, certificate of naturalization, national identification card).⁴⁹ Taxpayers living overseas may now create an account with the CSP, including ITIN holders.⁵⁰ On December 4, 2022, the IRS implemented a process for ITIN holders to register with the CSP to access IRS online services. However, taxpayers living abroad still face challenges communicating with the IRS.⁵¹

In-Person Identity Proofing

The IRS has identified a need for an in-person identity proofing capability for those who experience challenges completing the process online. This should be a priority to improve access for those taxpayers. If a taxpayer cannot complete the identity proofing process to access his or her Online Account, that taxpayer can visit a TAC and attempt to complete the action he or she attempted to do through Online Account. However, the TAC cannot provide the taxpayer with credentials to access his or her IRS Online Account or any IRS digital service requiring high-level authentication and credentials. The IRS should offer alternatives for in-person identity proofing and obtaining credentials for future access to IRS online applications that require secure access.⁵² The IRS should ensure services are available to customers through a channel of their choosing.

Tax Pro Account

Tax professionals are a vital part of the U.S. tax system; in calendar year 2021, there were over 783,000 individuals authorized to prepare tax returns for a fee.⁵³ They assist with other tax administration issues and alleviate taxpayer barriers to compliance. Improving the functionality of Tax Pro Account would support tax professionals and taxpayers who rely on them. When a representative cannot perform the necessary functions to service his or her client's tax account through Tax Pro Account, the representative must contact the IRS. Time-intensive contacts such as drafting correspondence and making phone calls with lengthy hold times inhibits quick resolution of issues and can increase the cost the taxpayer must pay for the representative's services.

The IRS rolled out Tax Pro Account in 2021 for use by tax professionals with a Centralized Authorization File (CAF) number in good standing assigned as an individual and a CAF address in the 50 United States or the District of Columbia. A CAF number is a unique nine-digit identification number and is assigned the first time a representative files a third-party authorization with IRS.

The IRS should expand Tax Pro Account's features to allow authorized representatives access to all their client's tax records through the representative's Tax Pro Account to provide and perform the full scope of assistance. Through a Tax Pro Account and appropriate authorization, tax professionals should have the ability to perform actions such as request an installment payment agreement, view the status of a tax return, respond to a notice, request penalty relief or abatement for their client, apply for an extension of time to file, obtain a tax balance, and much more. While the IRS ultimately plans to expand functionality, this must be a priority as the agency moves toward a digital tax system.

One action that tax professionals can complete in Tax Pro Account is initiating a representation authorization. To digitally complete an authorization for representation through Tax Pro Account, a tax professional must have an active Tax Pro Account and receive approval from a taxpayer with an active Online Account.⁵⁴ The IRS processes representation authorizations initiated in Tax Pro Account and signed by the taxpayer in Online Account much faster than any other submission methods, which can take several days to several weeks.⁵⁵ However, the benefits of fast processing are limited. Even after the IRS has recorded the taxpayer's authorization that the representative can review his or her tax information, the tax professional has no way to access the information available in the taxpayer's Online Account.

Since its July 2021 launch through December 1, 2022, there were 284,013 sessions where a representative logged into the Tax Pro Account. Although the primary function available through Tax Pro Account is completing representation agreements, there have only been 18,930 completed power of attorney requests.⁵⁶ Tax Pro Account helps the IRS avoid one-at-a-time paper processing of representation authorizations that led to processing backlogs that began during the pandemic and infringed upon the taxpayers' *right to retain representation*.⁵⁷ In its current state, the most useful function for certain authorized representatives is providing them direct access to TDS to retrieve transcripts of taxpayer accounts. Enhancing features and capabilities and adding access to self-assistance and digital communication tools within Tax Pro Account may make this application more appealing to taxpayers' representatives and help boost usage.

CONCLUSION AND RECOMMENDATIONS

After decades of severe underfunding,⁵⁸ the IRS has the opportunity to make improvements in digital tax administration services in both customer service and compliance areas. TAS made 36 recommendations related to digital communication tools and Online Account since 2020. The IRS has agreed to adopt or partially adopt 33 but has pointed to funding limitations in implementing 20 of the recommendations. Prioritizing TAS prior recommendations early in the planning would start the IRS on the right path toward making historic improvements in taxpayer experience and service and would allow the IRS to continue to be a worldwide leader in tax administration.

As the IRS continues to introduce new self-assistance applications and improves existing ones, it should determine its priorities using a taxpayer-centric approach. A critical element is making all self-assistance applications available to individual and business taxpayers through an intuitive central hub with one-click access between applications. Another part of a taxpayer-centric approach is meeting taxpayers where they are. The IRS should leverage routine taxpayer contacts, such as return filing, to inform taxpayers about the IRS's digital tools and ensure employees are educated about the latest updates. Some self-assistance applications require taxpayers to provide identity verification documents. For those unable to complete online identity proofing with a CSP, provide in-person alternatives to assist taxpayers with identity proofing and obtaining credentials for future access to IRS online applications that require secure access. A taxpayer-centric approach also means the IRS must empower tax professionals with a Tax Pro Account that allows them to provide fast, efficient service to their clients.

Preliminary Administrative Recommendations to the IRS

The National Taxpayer Advocate recommends that the IRS:

1. Provide individual and business taxpayers an intuitive central hub with one-click access to all authenticated and unauthenticated self-assistance applications.
2. Require mandatory annual training for all taxpayer-facing IRS employees on Online Account and digital communication tools so they can educate taxpayers about them and allow employees to view taxpayer information as the taxpayer views it in Online Account.
3. Deploy a robust Online Account for business taxpayers by FY 2024, including features such as populating due dates for upcoming tax return or information return filings, sending reminders, and listing payment due dates and payment options.
4. For those unable to complete online identity proofing with a CSP, provide in-person alternatives, such as training TAC staff or other IRS employees to act as trusted referees to assist taxpayers with identity proofing and obtaining credentials for future access to IRS online applications that require secure access.
5. Add increased capabilities and functionality to Tax Pro Account, such as viewing notices and letters and uploading requested documents to provide authorized representatives seamless access to their clients' Online Accounts through Tax Pro Account.

RESPONSIBLE OFFICIALS

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IRS COMMENTS

The IRS is strongly committed to expanding digital services. We share the National Taxpayer Advocate's vision for online accounts for individual and business taxpayers that allow them to view their personalized tax information and transact via self-service. The Inflation Reduction Act funding affords the IRS the funding and opportunity to implement numerous improvements to the online

services offered to taxpayers and tax professionals. In the IRS Strategic Plan FY2022-2026, the agency expressed commitment to the goal to “provide quality and accessible services to enhance the taxpayer experience.” This objective includes expanding and promoting digital services, including online accounts, digital filing, and taxpayer self-service options.

In FY2022, the IRS launched many new online account features, some of which are listed below. Digital options for taxpayers, tax professionals, and IRS employees are fundamental to effective tax administration. We are working toward a future where taxpayers who wish to do so may transact much of their business with the IRS digitally in a safe and secure environment. We acknowledge the NTA’s recognition that effective authentication of those who interact with the IRS is critical to preventing identity theft and protecting the integrity of the tax system. The IRS continues to collaborate with our Credential Service Providers to assess and improve their in-person proofing capabilities to ensure compliance with federal guidelines and IRS requirements.

The IRS agrees that expanding Tax Pro Account capabilities and integrating additional features such as ability to view letters and notices, view payment information, and communicate with IRS, and evolving the Tax Pro Account into a “one-stop solution” serving individual and business taxpayers, will benefit taxpayers, tax professionals, and the agency. Over the course of three releases the IRS has expanded the offerings available through Tax Pro Account to include submission and processing of Power of Attorney and Tax Information Authorizations online, increased visibility into the progress and status of pending authorizations and will soon expand capabilities to view and revoke authorizations.

The IRS plans to continue expanding the array of digital services available through Tax Pro Account and has developed a list of possible future features that was developed based on the feedback received from the tax professional community. Possible future features and enhancements include: (1) viewing taxpayer info; (2) acting on behalf of a taxpayer; (3) integrating with secure messaging and chat; (4) supporting business taxpayers, international filers, and overseas taxpayers; (5) supporting tax professionals working as part of the business; (6) supporting additional authorization types; (7) providing access to case status and contact history; (8) allowing taxpayers to view and revoke active authorizations; and (9) allowing taxpayers to initiate a POA/TIA.

In FY 2022, the IRS continued to improve online account with the addition of several new features such as the ability to sign up to receive email notifications for new notices and when there is a pending authorization request from a tax professional, the option to go paperless for notices available online, in-app notifications that help taxpayers stay up to date with relevant and timely information regarding their tax account, the addition of advance child tax credit information, and online account in Spanish.

Between FY 21 and FY 22, the IRS was able to provide taxpayers with digital copies of 17 IRS notice types in their online account through the Notices and Letters feature. The Notices and Letters feature provide taxpayers with access to a set of digital notices within their online accounts and includes relevant links to Frequently Asked Question pages to help answer questions taxpayers may have regarding the notice or their tax account. The Wage & Investment Office of Taxpayer Correspondence has prioritized 72 additional notices for inclusion into online account. With the launch of the Notices and Letters feature in November 2020, the IRS published Notice 1450 to inform taxpayers receiving paper notices of the availability of digital copies of those notices online.

Business Online Account development is planned to begin in early 2023. The initial and subsequent product releases will include product features based on customer research and business needs.

Since 2019, IRS has promoted the awareness of online account with employees via Digital Day, which is a monthly, virtual product demo and Q&A event. Employee polling indicates that significantly more employees are aware of online account in 2022 than in 2019. IRS plans to continue monthly product demo events promoting online account.

TAXPAYER ADVOCATE SERVICE COMMENTS

TAS appreciates that the IRS shares the National Taxpayer Advocate's vision for online accounts for individual and business taxpayers that allows them to view their personalized tax information and transact via self-service. TAS looks forward to the vision becoming a reality with the additional funding provided by the Inflation Reduction Act. The planned improvements described in the IRS response will improve online access for taxpayers and tax professionals. However, the reason online access continues to be a most serious problem for taxpayers is that today, taxpayers and tax professionals who want to interact online lack easy access to the digital tools they need to fully manage their tax account online and communicate quickly with the IRS through a central hub.

The Inflation Reduction Act funding allows the IRS to improve the experience of taxpayers and tax professionals when interacting with the IRS. As the IRS continuously brings on new users of online services, it should provide support and instructions as new users familiarize themselves with the operation of IRS digital tools. Taxpayer-facing employees should be educated with the tools and applications so they can assist with technical assistance requests. Merely providing product demo events on a voluntary attendance basis may be insufficient to adequately train employees helping taxpayers learning to use IRS digital tools.

RECOMMENDATIONS

Administrative Recommendations to the IRS

The National Taxpayer Advocate recommends that the IRS:

1. Provide individual and business taxpayers an intuitive central hub with one-click access to all authenticated and unauthenticated self-assistance applications.
2. Require mandatory annual training for all taxpayer-facing IRS employees on Online Account and digital communication tools so they can educate taxpayers about them and allow employees to view taxpayer information as the taxpayer views it in Online Account.
3. Deploy a robust Online Account for business taxpayers by FY 2024, that includes features such as populating due dates for upcoming tax return or information return filings, sending reminders, and listing payment due dates and payment options.
4. For those unable to complete online identity proofing with a CSP, provide in-person authentication alternatives to assist taxpayers with identity proofing and obtaining credentials for future access to IRS online applications that require secure access.

5. Add increased capabilities and functionality to Tax Pro Account, such as viewing notices and letters and uploading requested documents to provide authorized representatives seamless access to their clients' Online Accounts through Tax Pro Account.

Endnotes

- 1 IRS, Snapshot Reports, Fiscal Year (FY) 2020-2022 Accounts Management (Assistor Calls Answered / Net Attempts); *see also* Erin M. Collins, Hello, Is Anyone There? Frustration over Phone Service, NATIONAL TAXPAYER ADVOCATE BLOG (Feb. 1, 2022), <https://www.taxpayeradvocate.irs.gov/news/nta-blog-hello-is-anyone-there-taxpayers-and-practitioners-continue-to-experience-frustration-over-lack-of-adequate-phone-service/>; and Most Serious Problem: *Telephone and In-Person Service: Taxpayers Continue to Experience Difficulties and Frustration Obtaining Telephone and Face-to-Face Assistance to Resolve Their Tax Issues and Questions*, *supra*.
- 2 See Erin M. Collins, IRS Deputy Commissioners Respond to Taxpayer Advocate Directive on Scanning Technology; National Taxpayer Advocate Appeals Decision to IRS Commissioner, NATIONAL TAXPAYER ADVOCATE BLOG (Aug. 4, 2022), <https://www.taxpayeradvocate.irs.gov/news/nta-blog-irs-deputy-commissioners-respond-to-taxpayer-advocate-directive/>; *see also* Most Serious Problem: *Processing Delays: Paper Backlogs Caused Refund Delays for Millions of Taxpayers*, *supra*.
- 3 IRS, Accounts Management Customer Account Services, FY 2022 Paper Inventory Reports. Internal Revenue Manual (IRM) 3.30.123.5.2(14), Response to Correspondence and Overage Criteria (Jan. 1, 2022). The IRS considers correspondence overage if it is unworked for 45 days after receipt.
- 4 OECD, *Tax Administration: Comparative Information on OECD and Other Advanced and Emerging Economies Tax Administration* 76-78 (2021).
- 5 OECD, *Tax Administration: Comparative Information on OECD and Other Advanced and Emerging Economies Tax Administration* 79 (Figure 5.1) (2021).
- 6 *Id.*
- 7 OECD, *Tax Administration 2022: Comparative Information on OECD and Other Advanced and Emerging Economies Tax Administration* (2022).
- 8 See Office of Management and Budget (OMB) Circular No. A-11, 280.3 (Aug. 2022); Executive Order 14058, Transforming Federal Customer Experience and Service Delivery To Rebuild Trust in Government (Dec. 13, 2021); 21st Century Integrated Digital Experience Act (21st Century IDEA), Pub. L. No. 115-336, 132 Stat. 5025 (2018); Taxpayer First Act (TFA), Pub. L. No. 116-25, 133 Stat. 981 (2019).
- 9 OMB Circular No. A-11, 280.3 (Aug. 2022).
- 10 See NIST, Special Publication 800-63-3, *Digital Identity Guidelines* (June 2017).
- 11 IRS response to TAS information request (Oct. 27, 2022).
- 12 See NIST, Special Publication 800-63-3, *Digital Identity Guidelines* (June 2017).
- 13 IRS, IR-2021-154, IRS Improves Services to Taxpayers With Digital Authorizations and Launch of New Tax Pro Account (July 19, 2021), <https://www.irs.gov/newsroom/irs-improves-services-to-taxpayers-with-digital-authorizations-and-launch-of-new-tax-pro-account>.
- 14 See, e.g., IRS, The Taxpayer Experience Neighborhood, Expand Digital Services (2022).
- 15 See, e.g., IRM 21.3.7.5.1, Essential Elements for Form 2848 and Form 8821 (Sept. 1, 2022).
- 16 Pub. L. No. 117-169, § 10301, 136 Stat. 1818, 1831-32 (2022); GOP Sen. Fin. letter to Charles P. Rettig, Comm'r, Internal Revenue (Sept. 22, 2022).
- 17 IRS, Snapshot Reports, FY 2021-2022 Accounts Management; *see also* Most Serious Problem: *Telephone and In-Person Service: Taxpayers Continue to Experience Difficulties and Frustration Obtaining Telephone and Face-to-Face Assistance to Resolve Their Tax Issues and Questions*, *supra*.
- 18 IRS, Taxpayer Experience Strategy Roadmap, FY 2022-2025 Roadmap (Sept. 30, 2021).
- 19 *Id.* at 13.
- 20 Executive Order 14058, Transforming Federal Customer Experience and Service Delivery to Rebuild Trust in Government (Dec. 13, 2021).
- 21 See OMB Circular No. A-11, 280.3 (Aug. 2022); Executive Order 14058, Transforming Federal Customer Experience and Service Delivery to Rebuild Trust in Government (Dec. 13, 2021); 21st Century IDEA, Pub. L. No. 115-336, 132 Stat. 5025; TFA, Pub. L. No. 116-25, 133 Stat. 981 (2019).
- 22 Treasury Inspector General for Tax Administration (TIGTA), Ref. No. 2023-30-003, *More Should Be Done to Expand and Increase Use and Availability of the IRS's Taxpayer Digital Communication Tools 5* (2022), <https://www.tigta.gov/sites/default/files/reports/2022-12/202330003fr.pdf>.
- 23 *Id.* at 1.
- 24 *Id.*
- 25 TAS Tax Forum Focus Groups (2022).
- 26 *Id.*
- 27 *Id.*

Most Serious Problem #5: Online Access for Taxpayers and Tax Professionals

- 28 TAS Tax Forum Focus Groups (2022).
- 29 IRS response to TAS information request (Nov. 1, 2022).
- 30 *Id.*
- 31 *Id.*
- 32 *Id.* The first digital notices were made available in November 2020. IRS response to TAS fact check (Dec. 14, 2022).
- 33 Online Account Status Briefing (Aug. 31, 2022).
- 34 See OMB Circular No. A-11, 280.3 (Aug. 2022); Executive Order 14058, Transforming Federal Customer Experience and Service Delivery To Rebuild Trust in Government (Dec. 13, 2021).
- 35 IRS response to TAS information request (Nov. 1, 2022).
- 36 TAS Recommendations and IRS Responses, TAS Recommendation 3-4 (2020), <https://www.taxpayeradvocate.irs.gov/news/directory-entry/2020-msp-3-online-records/> (last visited Dec. 2, 2022).
- 37 TAS Recommendations and IRS Responses, TAS Recommendation 6-2 (2021), <https://www.taxpayeradvocate.irs.gov/news/directory-entry/2021-msp-06-online-accounts/> (last visited Dec. 2, 2022).
- 38 *Id.*
- 39 IRS response to TAS information request (Oct. 24, 2022). The IVES program is used by mortgage lenders and others within the financial community to confirm the income of a borrower during the processing of a loan application.
- 40 An Act to Provide for Reconciliation Pursuant to Title II of S. Con. Res. 14, Pub. L. No. 117-169, 136 Stat. 1818 (2022) [hereinafter referred to as the “Inflation Reduction Act”].
- 41 IRS response to TAS information request (Nov. 1, 2022); IRS, Web Focus Report, IRS Workforce (Nov. 19, 2022).
- 42 IRS response to TAS information request (Nov. 1, 2022).
- 43 *Id.*
- 44 IRS response to TAS information request (Oct. 27, 2022).
- 45 *Id.*
- 46 *Id.*
- 47 See IRM 21.2.1.58.2, Secure Access Digital Identity (SADI) (Mar. 1, 2022). Our 2021 Annual Report to Congress recommended that the IRS add additional CSPs. TAS Recommendations and IRS Responses, TAS Recommendation 7-6 (2021), <https://www.taxpayeradvocate.irs.gov/news/directory-entry/2021-msp-07-digital-communications> (last visited Dec. 2, 2022). The IRS is engaged and working collaboratively with Treasury and the Government Services Administration to prepare for integrating [Login.gov](https://www.login.gov) as an additional CSP. IRS response to TAS information request (Oct. 27, 2022).
- 48 TAS Recommendations and IRS Responses, TAS Recommendation 7-7 (2021), <https://www.taxpayeradvocate.irs.gov/news/directory-entry/2021-msp-07-digital-communications/> (last visited Dec. 2, 2022); see also Taxpayer Advocacy Panel 2020 Annual Report 62 (recommending the IRS should establish a system whereby overseas taxpayers can communicate, file documents, and conduct other interactions with the IRS via electronic means, such as email).
- 49 An ITIN is a tax processing number issued by the IRS to an individual who is required to have a U.S. Taxpayer Identification Number but who does not have and is not eligible to obtain a Social Security number from the Social Security Administration.
- 50 IRS response to TAS information request (Oct. 27, 2022); IRS response to TAS fact check (Dec. 14, 2022).
- 51 See Most Serious Problem: *Overseas Taxpayers: Taxpayers Outside of the United States Face Significant Barriers to Meeting Their U.S. Tax Obligations*, *infra*.
- 52 NIST, Special Publication 800-63-3(a), 4.4.2 IAL2 Trusted Referee Proofing Requirements (June 2017). NIST provides CSPs latitude to use “trusted referees — such as notaries, legal guardians, medical professionals, conservators, persons with power of attorney, or some other form of trained and approved or certified individuals — that can vouch for or act on behalf of the applicant in accordance with applicable laws, regulations, or agency policy.”
- 53 IRS Response, Most Serious Problem: *Return Preparer Oversight: Taxpayers Are Harmed by the Lack of Minimum Competency Standards for Return Preparers*, *infra* (Sept. 15, 2022).
- 54 IRS, Who Can Use This Service, <https://www.irs.gov/tax-professionals/use-tax-pro-account> (last visited Dec. 2, 2022). To submit an authorization equivalent to a Form 2848 using the Tax Pro Account, practitioners must have a license to practice in the 50 United States or the District of Columbia as an attorney or certified public accountant and authority to practice before the IRS or be enrolled with the IRS as an enrolled agent, enrolled actuary, or enrolled retirement plan agent.
- 55 See Erin M. Collins, The IRS Hasn’t Processed My Power of Attorney Form. Should I Submit Another?, NATIONAL TAXPAYER ADVOCATE BLOG (Jan. 19, 2022), <https://www.taxpayeradvocate.irs.gov/news/nta-blog-the-irs-hasnt-processed-my-power-of-attorney-form-should-i-submit-another/>. Signed agreements initiated through the Tax Pro account go through a verification that the tax professional is in good standing and are recorded to the CAF within 48 hours of the taxpayer’s acknowledgement.
- 56 Online Account Status Briefing (Sept. 28, 2022).
- 57 See Erin Collins, The IRS Hasn’t Processed My Power of Attorney Form. Should I Submit Another?, NATIONAL TAXPAYER ADVOCATE BLOG (Jan. 19, 2022), <https://www.taxpayeradvocate.irs.gov/news/nta-blog-the-irs-hasnt-processed-my-power-of-attorney-form-should-i-submit-another/>.
- 58 Janet Yellen, Sec’y of Treasury, Remarks at IRS facility in New Carrollton, Maryland, (Sept. 15, 2022) (“Since 2010, the agency’s budget has declined by 18 percent in real terms.”), <https://home.treasury.gov/news/press-releases/jy0952>.